

2016



2015/ 2016 ANNUAL REPORT

OFFICE OF THE MUNICIPAL MANAGER
Prepared By: Suraya Asmal

[Okhahlamba Municipality, 259 Kingsway Street, Bergville, 3350]

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CHAPTER 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

I am deeply humbled and privileged to present the 2015-2016 Annual Report. During the course of the year we have faced and conquered numerous challenges, and have lauded the progress that we have attained. A notable achievement which we are proud of, and humbled by is the Auditor-General’s audit opinion of a clean audit for our municipality in the 2015-2016 financial year. Through this document we intend to review the challenges we have faced, and highlight the successes we have enjoyed; and present our findings to the people of Okhahlamba. The report aims to provide an account on the Municipal Manager’s overview, performance highlights, performance reports, as well as to present the 2015-2016 financial statements, accompanied by the Auditor-General’s opinion.

I wish to dedicate the progress our municipality has made to the memory of our members of staff who have passed on during the review period. We would also like to take this opportunity to express our sincere condolences, and deepest sympathies to those colleagues who have lost family members over the course of the past year.

Our Municipality endeavours to improve the quality of lives of all our people. We aim to achieve this through the establishment and construction of infrastructure, particularly for our rural communities, to enhance the skills base in the region, to inspire healthy and environmentally friendly lifestyles, to fight crime and corruption, to support programmes for youth development as well as programmes for women and people with disabilities; and to encourage and inspire a culture of entrepreneurship.

There is no denying that we have overcome significant number of challenges and achieved numerous successes during the course of the past year, and indeed, we have a good story to tell. We are proud of the completion of numerous key infrastructure development projects. Amongst these are: the Khetani Community Hall, the Fresh Produce Distribution Centre, and the Bergville Testing and Disaster Centre. We have also custom-built a Fire Engine Truck in-house and procured a rescue boat, to assist in improving our response to disasters within our area.

In our quest to transform the area, we have initiated construction of a number of early development childhood centres, which were nearing completion towards the end of the year, some of these include: Oqolweni Crèche, Entuthwaneni and Magogo Crèche, Madiba Crèche, Emaromeni Crèche and Syathanda Crèche. We have improved access to areas through the construction of a number of gravel roads, vehicle bridges and pedestrian bridges. We have also installed sidewalks and walkways in the Bergville CBD and are currently in the process of revamping and cleaning up the entire town. We are currently nearing completion of building the Khetani Market Stalls as well as the second phase of the Bergville Market Stalls projects. We are also in the process of installing high mast

lighting within our rural villages with the overall aim of improving safety and security in the area.

We have undertaken a commitment to achieve 100% universal access to electricity connections by the end of 2017 and I believe that our goal is within our reach. Through this commitment we are currently on the final leg of our electrification programmes where all outstanding areas including infills are scheduled to be electrified.

As a municipality, we are financially viable and have remained consistent in maintaining our finances and investments. We have advanced from spending only 28% of our capital in grant funding in 2012, to 100% in 2015. We have graduated from being a municipality under provincial administration which received negative audit findings with disclaimers, to being a municipality driven by ambition and determination that received three clean-audit finding within a four-year period.

I would like to extend my sincere thanks and gratitude to my fellow Councillors, Deputy Mayor, Speaker, Exco members, Directors and the members of staff for their hard work and commitment. We wish to thank Amakhosi, the Business Community, Government Departments, our Residents and all the stakeholders who have contributed to making our Municipality a better place to reside in.

His Worship, Councillor: M.G Ndlangisa

Mayor of Okhahlamba

COMPONENT A: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

"Commitment to Service Delivery and a Clean Audit," this is the motto that drives the operations within the municipality.

The Municipality serves an area with a population of nearly 133,000 people most of which is rural; however it is an area that is steadily but surely losing its rural appearance.

The key indicator by which a municipality and its manager is judged at the third-tier government, is the kind of audit report that it receives from the Auditor General at the end of each financial year. Okhahlamba Local Municipality has achieved very good and unqualified audit reports and three clean audit opinions for the past four consecutive years.

Although we have a number of notable achievements under our belt over the past five years, an unqualified clean audit report stands out because it is normally the cornerstone of good governance. This has been achieved through employment of the skilled staff that are dedicated and service delivery focused.

We inherited a municipality that had been put under administration for various reasons in 2009. One of them was the misuse of millions of rands allocated to housing. The positive turnaround in the affairs of Okhahlamba has transformed our Municipality.

The building housing the municipality, which boasts an attractive face brick, was one of the first tangible acquisitions. This building had been under the 99-year lease hold under the previous management and this was an untenable situation. We bought it for R15 million with the approval of National Treasury and the Provincial Department of Co-Operative Governance and Traditional Affairs (COGTA), renovated it and fixed a number of things that were wrong such as the electricity problem.

As infrastructure development, such as roads, is one of major activities of the Municipality, plant and machinery became a necessity. Evidence of road construction abound in areas under this Municipality. To supplement our scarce resource, council resolved to obtain external funding to acquire plant and machinery in order to accelerate delivery of services. We obtained a lease-to-own agreement for heavy plant machinery to the tune of R20 million and I can safely say that this lease will be paid out within the next two years. The loan was used as leverage to counter fund our acquisition of heavy machinery for rural

roads constructions.

Some of our achievements include:

- *More than 60 kilometres of roads have been completed in the rural areas.
- *New cars and heavy machinery were bought including trucks, bulldozers, TLB and refuse collection vehicles among others.
- *New programmes for the establishment of Early Childhood Centre were initiated.
- *Presently the Municipality is at the brink of achieving a 100% universal connections to electricity. By the end of 2017 more than R16 million shall have been used for electrification this would conclude our drive for 100% universal connections.
- *Installation of solar systems in all farms.
- *Within a period of two years all roads in the urban area including our Central Business District (CBD), especially in Bergville will be tarred.
- *Testing Centre and Emergency fire training centre was recently established launched by the MEC for Co-operative governance.
- *The municipality saved R1million by acquiring and remodelling our own fire engine.
- *As a result of a number of drownings, a boat was bought in order to respond swiftly. There are four dams and a canal under Okhahlamba Local Municipality.
- *A number of community halls have been erected in various wards.
- * A Fresh produce market will soon be operational. It aims to improve local economic development targeting farmers.
- *The construction of a 2,500-seater conference centre is currently underway. The project will benefit local traders since it will attract major events to the area. This will, in turn, boost the beds occupancy in local hotels.
- *Formation of co-operatives that have employed more than 300 people.
- *Rates revenue collection has increased from R6 million to R24 million over the last four

years.

*Skills development in tourism and agriculture is currently underway.

*Through the Department of Human Settlements, the municipality has facilitated the construction more than 500 houses in the last four years. The Nhlanhleni Housing Projects has been completed and the Gugulethu project is currently underway, and set for completion by the end of the year.

*The construction of a number of houses under Operation Sukuma Sakhe is underway.

We make use of our Community Works project called “Xosh’ikati” to eradicate poverty where members do road maintenance, repair pot holes, cut grass and work at cemeteries. One of the methods used to mitigate the drought impact included the digging of 13 boreholes which are now operational.

Although have made great strides towards transforming and improving the area and the lives of the communities which we serve, we acknowledge that there is still a lot to be done. We are confident that we will continue to strive to work towards quality delivery of services and commit to ensuring excellence in our financial management.

Mr. S.D Sibande
Municipal Manager
BA.Ed, B.Tech Management, CPMD, MBA

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Municipal Powers & Functions

Schedule 4 Part B	Function Allocated to Okhahlamba Municipality	Function Allocated to District Municipality
Air pollution	YES	
Building regulations	YES	
Child care facilities	YES	
Electricity and gas reticulation	NO	NO
Fire-fighting services	NO	YES
Local tourism	YES	
Municipal airports	YES	
Municipal planning	YES	
Municipal health services	NO	NO
Municipal public transport	YES	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	YES	
Stormwater management systems in built-up areas	YES	
Trading regulations	YES	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	NO	YES

INTRODUCTION TO BACKGROUND DATA

Population

Okhahlamba Local Municipality is one of the five municipalities under uThukela District Municipality. Okhahlamba Municipality experienced a negative growth on its population as the population size decreased from 137 924 in 2001 to 132 068 in 2011 recording a -4.3 negative growth (see table 1). This decrease in population can be attributed to various factors some of which include migration out of the Municipal area and the effects of the HIV/AIDS pandemic. This decline in population has significant implications particularly in development related issues.

However, it should be noted that the number of households have increased for the same period from 26 756 to 27 576, which accounts for approximately 820 households. This is thus in contradiction with the decline in population numbers and can possibly be attributed to circular migration, where the head of the household might be working somewhere else and was not counted during the Census.

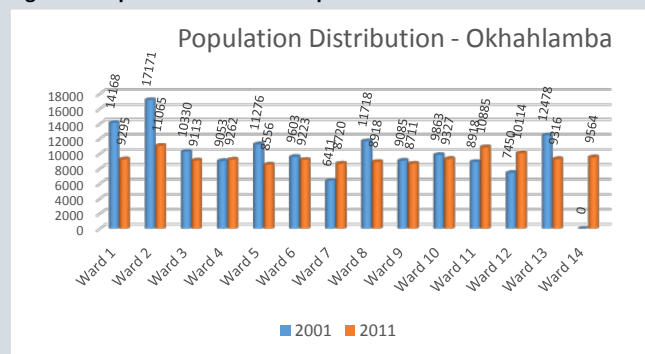
Table 1: Population of Okhahlamba (2001 - 2011)

Population characteristics	2001	2011
Population Size	137 924	132 068
Population Growth (%)	2.89	-4.3
Number of households	26 756	27 576
Average household size	4.9	4.8
Female headed households	51.2	53.8

Source: Stats SA, Census 2011

Population is unevenly distributed across 14 wards. Figure 1 depicts ward 2 as the ward, which had the greatest decrease in population over a period of 10 years.

Figure 1: Population Distribution per Ward

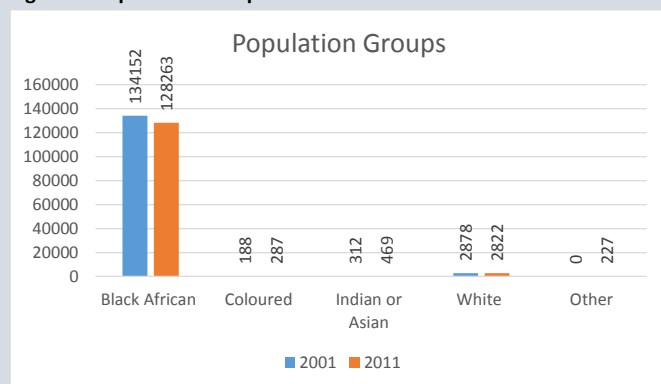


Source: Stats SA, Census 2011

Population Groups

Figure 2 indicates population groups that form the majority of the population of Okhahlamba Municipality. It illustrates that the majority of population is formed by Black Africans and very few from the White population. This graph re-emphasises the decrease that has taken place between 2001 and 2011, however it is shown more specifically that it has been the Black Africans that have decreased in numbers and not so much the White population.

Figure 2: Population Groups



Source: Stats SA, Census 2011

Age Distribution

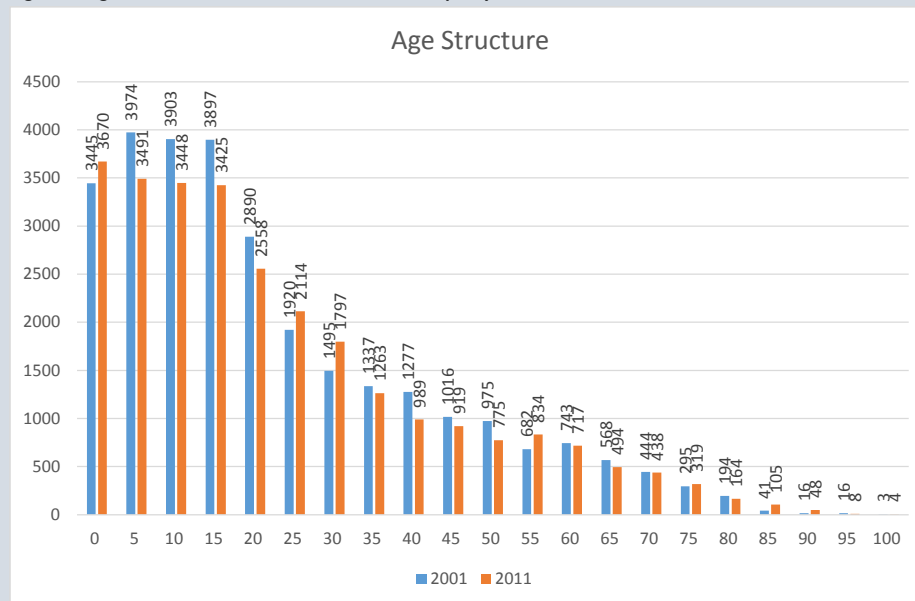
Table 2 and Figure 3 reflect the age structure of the Okhahlamba Local Municipality. The majority of the population is made up of individuals ranging from ages 0-35 (youth) and little ranging between 64 and 100. In 2001, 41.1% of the population were individuals under the age of 15 and in 2011 there was a decrease in this age group. The 15-64 age group also decreased as in 2001 it represented 54.1% of the overall municipality's population and in 2011 represented 55.9% of the population. The older age group (64<) also decreased from 4.9% to 4.8%. There is thus a decreasing trend identified within each age group.

There are various implications for the trend identified. The Okhahlamba Local Municipality can be characterised with having a large youthful population, which implies the need for various facilities and focus on specific priority areas e.g. educational facilities, economic opportunities and possibly youth development programmes.

Table 2 : Age Profile of Okhahlamba

2001			2011		
>15	15-64	64<	>15	15-64	64<
41.1	54.1%	4.8%	39.2%	55.9%	4.9%

Source: Stats SA, Census 2011

Figure 3: Age Structure of Okhahlamba Local Municipality

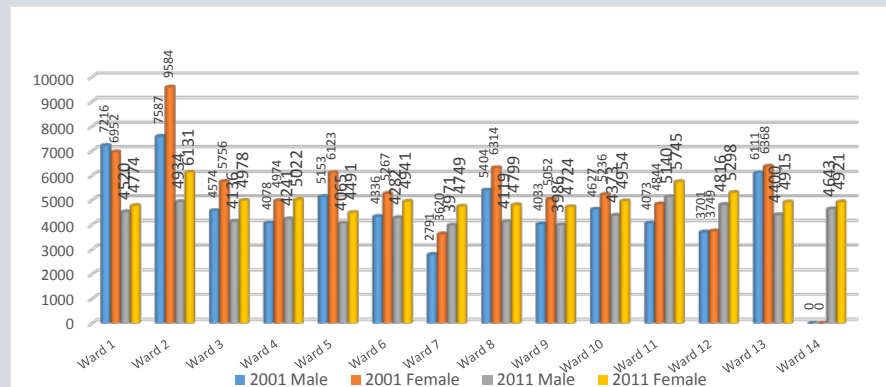
Source: Stats SA, Census 2011

Gender Profile

Table 3 below shows the sex ratio between males and females in the Okhahlamba Local Municipality. It is seen that in 2001 and in 2011 there were more females than males. However, in 2011 the proportion of males to females increased by 0.9%.

Table 3. Sex Ratio- Okhahlamba Municipality**Males per 100 Females**

2001	2011
86.6	87.5
Source: Stats SA 2001 and 2011	

Figure 4: Gender Profile per Ward

Source: Stats SA 2001 and 2011

The above graph illustrates gender distribution in Okhahlamba Local Municipality and shows the gender profile of each ward within the municipality. The data reflects an uneven gender distribution. Generally, there has been a decrease in both males and females between 2001 and 2011. However more specifically there has been a greater decrease in males in each ward between 2001 and 2011. This applies for all wards except wards 4, 7, 11, 12 and 14. These wards have had an increase in both males and females between 2001 and 2011. The most significant increase seen is ward 14.

COMMENT ON BACKGROUND DATA:

Following is a summarized key findings of the demographic analysis:

- ❖ Okhahlamba experienced a negative growth on its population as the population size decreased from 137 924 in 2001 to 132 068 in 2011 recording a -4.3 negative growth;
- ❖ Ward 2 is found to have had the greatest decrease in its population;
- ❖ The number of households increased between 2001 and 2011, which suggests circular migration;
- ❖ Wards 4, 7, 11, 12 and 14 are the only wards which have had an increase in population between 2001 and 2011;
- ❖ Majority of Okhahlamba population is formed by Black Africans and very few from the White population;
- ❖ Bergville, Winterton and Traditional Areas around the foothill of the Drakensberg are seen to have higher concentrations of people;

-
- ❖ The majority of the municipality is with 0-42 persons per square km;
 - ❖ Majority of the population is made up of individuals ranging from ages 0-35 (youthful population);
 - ❖ There are more females than male in Okhahlamba; 53, 8% of households are female dominated households.

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

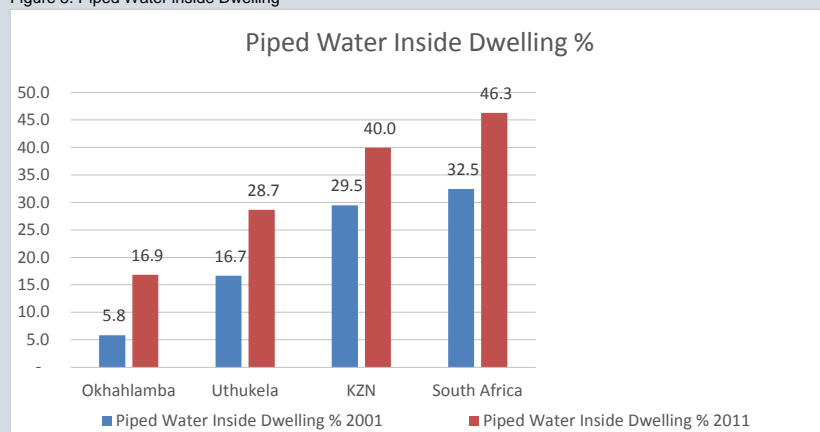
BASIC SERVICES OVERVIEW

Water

Water and sanitation services fall under the powers and functions of the District Municipality and is the core function of uThukela District Municipality. The Municipality is constantly engaged in discussions with uThukela District Municipality as a Water Service Authority to get information on progress regarding this function. The District's primary objective is to extend potable water and sanitation services throughout the district by eliminating the backlogs and also to maintain and ensure sustainability of the existing water and sanitation infrastructure.

UThukela District Water Services has developed a Water Services Development Framework since it is responsible for water and sanitation services delivery in the district. This was done in terms of the powers and functions stipulated in the Municipal Structures Act No.117 of 1998; Chapter 5. The main objective of the municipality is to ensure the quality of drinking water in the region is improved in as far as the blue and green drop is concerned.

Figure 5: Piped Water inside Dwelling



Source: Statistics SA, Census 2011

Figure 5 indicates that the number of households with piped water inside dwelling increased from 5.8% in 2001 to 16.9% in 2011. However, this was lower compared to the District, Provincial and National average. In 2011, 28.7% households in UThukela District, 40% in

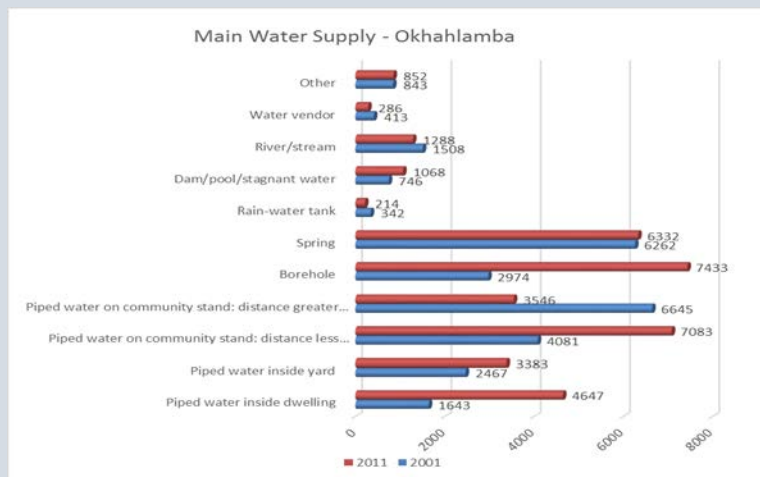
KwaZulu- Natal Province and 46.3% in South Africa had piped water inside dwelling. This is indicative that Okhahlamba is facing huge water backlogs. According to the UThukela District Municipality's IDP 2014/2015 water supply backlog as at the end of June 2011 was 28.75%. This translates to 40146 households that do not have access to safe water supply, and 99 492 households have access to water supply in uThukela District Municipality.

Statistics indicate that in 2011, Okhahlamba Local Municipality had 28 508 household of which 12 567 did not have access to safe water supply. It is indicated that in 2011 there was a water backlog of approximately 44, 08%.

In summary, there has been a general increase in access to water between 2001 and 2011, despite high water backlogs:

- ❖ There is still reliance on boreholes (20%) and springs (19%) in Okhahlamba as sources of water.
- ❖ Access to piped water on community stand was 29% in 2011.
- ❖ Piped water inside yard was 9% in 2011.
- ❖ Piped water inside dwelling was 16% in 2011.

Figure 6: Main Water Supply



Source: Stats

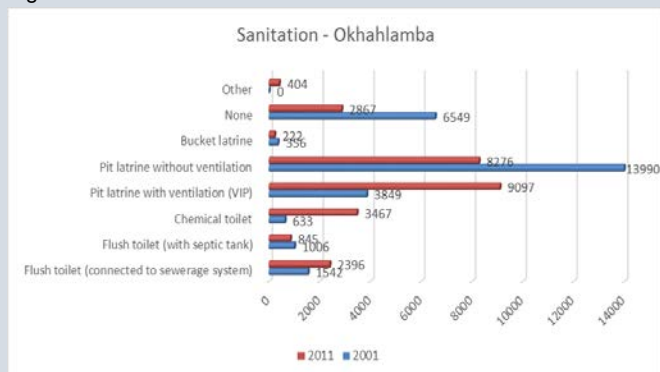
SA, Census 2011

Sanitation

Sanitation is one of the core functions of uThukela District Municipality. In the previous financial year, 6 504 new households were provided with appropriate sanitation services in the form of VIP Latrines. During the implementation of sanitation projects, a total of 5 298 local community people were employed for the duration of the projects and some of them were also empowered with new skills such as building and project management. The appropriate sanitation services backlog as at the end of June 2011 was 22.85 %. This translates to 31907 households that do not have appropriate sanitation services.

The figure below illustrates the number of people with access to sanitation in Okhahlamba. It indicates that the majority of households (75%) does have access to a basic level of sanitation service, of which 30% predominantly use pit latrines, 32% use VIP (ventilated improved pit latrine), 8% have flush toilets, 12% have chemical toilets and 11% of which is depicted as either using a bucket latrine or do not have any form of sanitation. Sanitation backlog in Okhahlamba is approximately 22.57% which is about 6 435 households that do not have access to appropriate sanitation facilities.

Figure 7: Sanitation



Source: Statistics South Africa: CS 2011 and 2001

Solid Waste Management

The Municipality has began implementing its Integrated Waste Management Plan (IWMP). It provides strategies in addressing the backlogs in refuse collection. The municipality is also implementing the free basic solid waste for the indigent households. The municipality's

landfill site is situated in Bergville and covers Bergville and Winterton. It was established in 1975, and it has a permit. During the past year, we secured a license for a new landfill site.

Waste collection is done on weekly basis in residential areas and daily in the Winterton and Bergville CBD. Waste collection is done free of charge in Khetani. We have donated bins to a number of schools to encourage recycling and environmentally friendly practices.

Future plans of the Waste Management Section includes waste collection in rural areas through the EPWP programme; and well as recycling stations in Bergville and Winterton. Sorting and source for recycling will also take place whereby we will provide residents with free transparent bin bags for recycling.

Waste quantities indicated in the IWMP indicates that the majority of waste generated is by business, followed by domestic waste.

Figure 8: Waste Quantities and Characteristics (wastes quantities in tons per annum) in Okhahlamba Local Municipality

	WASTE SOURCES	Domestic	Business	Industrial	Medical	Mining
WASTE QUANTITIES						
Generated		624	5 748	None	26	None
Collected		624	5 748	None	26	None
Stored		None	None	None	None	None
Recycled		None	None	None	None	None
Treated		312	1 817	None	26	None
Disposed		312	3 931	None	26	None

Source: uThukela Waste Management Plan as in Okhahlamba IWM

Figure 9

DESCRIPTION	EMNAMBITHI	IMBABAZANE	INDAKA	OKHAHLAMBA	UMTSHEZI
Name	None	None	None	Bergville	None
Geographic Location	None	None	None	Cathkin Park	None
Type of Treatment	None	None	None	Incineration	None
Year of Construction	None	None	None	2001	None
Capacity	None	None	None	NR	None
Throughput	None	None	None	NR	None
Hours of Operation	None	None	None	8	None
Input & Output Chart	None	None	None	None	None
Residue Characteristics	None	None	None	Ash	None
Enviro Monitoring Programme	None	None	None	Monthly	None
Environmental Impact	None	None	None	None	None
Permit Certificate	None	None	None	None	None

Source: uThukela Waste Management Plan as in Okhahlamba IWMP

The statistics below indicate that the majority of the population (75%) use their own refuse dumps and that the local authority barely provides for the removal of solid waste (figure 10). Approximately 11% of households do not have any rubbish disposal. This poses serious challenges in respect of environmental health and possible pollution of water sources.

Figure 10: Waste removal



Data Source: Statistics South Africa: CS 2011 and 2001

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Background

The 2015/2016 financial year came with many noticeable changes to the municipality but financial stability was maintained and financial growth was again witnessed. This report is a summary of the progress made and a few challenges on the financial performance of the municipality for the 2015/2016 financial year.

Annual Financial Statements

Improved financial stability through improved staff discipline, financial management and reporting. This has resulted in the improved liquidity ratios such as current ratio (2:1 in 2014/15 and 1.68:1 in 2015/16 financial year respectively) meaning that the municipality will be able to pay its current liabilities with its current assets, Operating cash flow ratio (1,53 in 2014/15 and 1,75 in 2015/16 financial years respectively) meaning the municipality has generated enough cash to pay its short- term liabilities.

There has been a steady cash flow as a result of debt collection and management (monitored on a weekly basis). There has been a slight decrease from 76% in 2014/15 to 72% in 2015/16. The Municipality has achieved 100 % CAPEX spending due to improved supply chain processes and payment of consultants and contractors on time (even lesser than 30 days).

Municipal Standard Charts of Accounts (mSCOA)

SCOA is an acronym for a Standard Chart of Accounts which is a national reform that has been promulgated by Gazette No. 37577 dated 22 April 2014, called the Standard Chart of Accounts for Local Government Regulations, 2014. The “m” in the acronym distinguishes between a Municipal Standard Chart of Accounts and a Provincial / National Standard Chart of Accounts.

The regulation on mSCOA indicates that it affects all Municipalities and their entities.

The introduction of a **Standard** Chart of Accounts for Municipalities (mSCOA), will, inter alia:

- Aid transparency; accountability and overall governance in the daily; monthly and yearly activities of municipalities;
- Aid the standardization of 278 different municipal 'charts of accounts' (COA) ;
- Improve the quality of municipal information that is compromised. it will introduce an uniform classification of revenue and expenditure items ;
- Enhance monitoring and oversight by Councils, DCoG, Treasuries and legislatures;

- Comparability of information across Municipalities, i.e. Benchmarking, standards and measures

In terms of mSCOA implementation, the Municipality has begun realigning the entire organisation towards an mSCOA-centric approach to its operations and budget formation. We are striving to be mSCOA compliant by July 2017.

Reporting

The department has done a noticeable improvement as far as reporting on financial matters to other stakeholders (e.g. internal departments, provincial, national and other stakeholders), we have achieved almost hundred (100%) percent on reforms as required by National Treasury and compliance departments, this evidenced by relevant circulars informing municipalities on such reporting compliance.

Supply Chain Management

100% CAPEX spending due to improved supply chain processes and payment of consultants and contractors on time (even lesser than 30 days).

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	1	0	1	0	0	1
<i>Any other financial officials</i>	10	0	10	0	0	6
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	3	0	3	0	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	16	0	16	0	2	10

Financial Analysis

The financial statements for the 2015/2016 financial year was compiled and forwarded to the Auditor General for audit on the 31 August 2016. The financial Statements show an upward trend in the municipal finances.

Please refer to Section II Part B: Annual Financial Statements and Section II Part C: Financial Ratio and Norms for more details.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Okhahlamba Council is the highest decision making body within the Municipality. It is made up of 28 Councillors with 14 Ward Councillors and 14 Party Representatives. The Chairperson of Council is the Speaker. There are five (5) portfolio committees in the Municipality.

The Executive Committee is made up of five Councillors. The chairperson of the Executive Committee is the Mayor.

The following are the committees of Council: Social Services and Economic Development Committee, Finance Committee, Corporate Services Committee, Technical Services Committee and the Municipal Public Accounts Committee.

Technical Committee

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

- ❖ The municipality's technical tasks, such as roads constructions and maintenance thereof,
- ❖ Community halls and other community structures, crèches and is further responsible for the housing development.
- ❖ Refuse removal.

Social Services and Economic Development Committee

The terms of reference of this committee are to advise and make recommendations to the executive committee on:

- ❖ All applicable legislation relating to social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, transport, land affairs, law enforcement, library services, Tourism, MPCC, youth, sports and gender and Public Participation.

Corporate Services Committee

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

- ❖ All aspects of Human Resources Development.
- ❖ Information and Technology Developments.
- ❖ Records Management.

Finance Services Committee

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on: budgeting, supply chain, asset management, revenue and expenditure.

Municipal Public Accounts Committee

The terms of reference of this committee are to play an oversight role, and to offer recommendations to Council on: All the reports of the Audit Committee and Council may refer matters to this committee for investigation.

POLITICAL STRUCTURE

Mayor
(Cllr D.T Sibeko)



Deputy Mayor
(Cllr S.Z Khumalo)

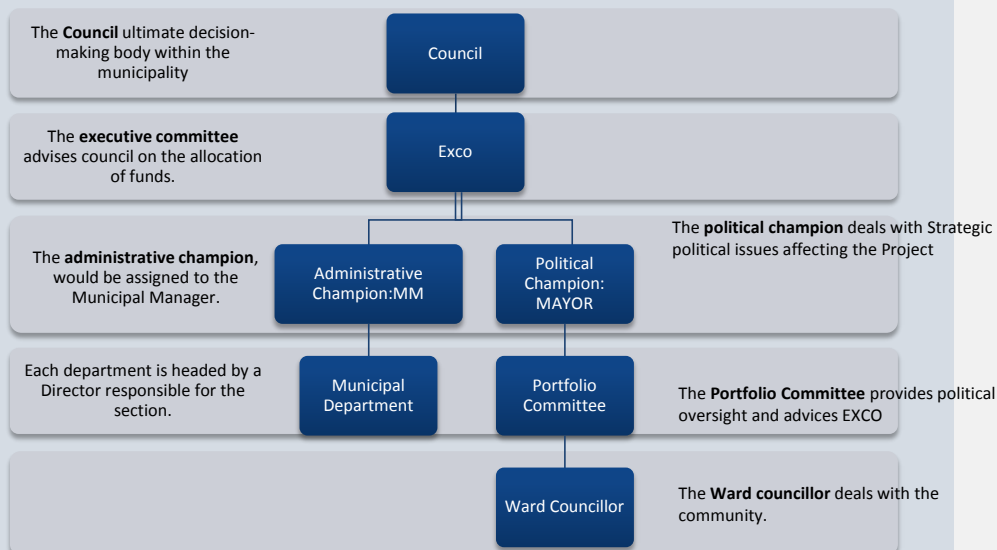


SPEAKER
(Cllr. G.
Ndaba)

2.1 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The following structure indicates decision making hierarchy in the Municipality.



ACCOUNTING CHAMPION



MUNICIPAL MANAGER
(Mr S.D Sibande)

COMPONENT A: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Operation Sukuma Sakhe (OSS) operates in all wards (14 wards) of Okhahlamba Local Municipality. Each ward has a war room, where all stakeholders (Government Departments, Non-Government Organisations (NGOs), Traditional leaders, Faith Based Organisations (FBO), Community Care Givers (CCGs) come to the war room to fight poverty, crime and other issues that are problematic in the community. Each war room has a convener who chairs the Ward Task Team (WTT) meetings and the ward Councillor is the champion of the war room.

The convener comes to the meetings and they meet every month with all stakeholders to discuss community issues that were identified during household profiling by the CCG's. The war rooms operate in community halls and in schools. Some wards are too large, so sub-war rooms were established for the benefit of the entire ward. As such, ward 02, 11, 13, and 14 have sub-war rooms. War rooms are open every day of the week for the community to come with their issues that need necessary interventions. Managers are deployed in these 14 wards to monitor the functionality of the war room.

CCG's do households' profiling whereby they identify different needs that need to be fulfilled through different referrals/ interventions from different stakeholders/government departments. Each ward conducts an Operation MBO (MBO is a Zulu name for the campaign to revoke communication) after finishing analysing the household profiling forms, where all government departments will come and render their services to people at a ward level.

Local Task Team meetings take place once a month in the Municipality Offices whereby all Stakeholders Managers, WTT conveners, traditional leaders and NGOs, ward Councillors and the Mayor come to the meeting to discuss issues that were unresolved in the war room and to get the report of the WTTs from the ward conveners. They also discuss the functionality of the war rooms and come up with solutions for those that need help. The Local Task Team writes a monthly report to the District Task team about the operations of the WTTs. OSS celebrates all calendar events.

We are currently in the process of completing household profiling. The Department of Human Settlements has donated building materials to for houses to be built in Wards 5 and 11; and construction is currently underway.

In December 2015, through OSS, the municipality hosted an event for Senior Citizens and People with Disabilities. The event was well attended and was lauded as a success. The OSS office played a huge role during heavy storms; particularly in areas affected by

tornados. Assessments were done and immediate interventions were rendered, which included food parcels, blankets and tents that were given to affected households.

2.2 INTERGOVERNMENTAL RELATIONS

DISTRICT INTERGOVERNMENTAL STRUCTURES

Inter-Governmental Relations (IGR) structures have been established between the district and local municipalities and all the Mayors have signed the IGR protocols. IGR structures include:

- ❖ The District Intergovernmental Forum (DIF) or the Mayors Forum.
- ❖ The District Technical Support Forum (DTSF) or the Municipal Manager's Forum.

The uThukela District Mayor is the chairperson of the District Intergovernmental Forum and attends the KZN Provincial Premier's Forum meetings.

The Municipality also attends and forms part of the Okhahlamba Drakensberg Park World Heritage Site Buffer Zone Technical Committee, an integrated governmental structure which meets once a month. The structure provides strategic and technical advice to Planners / GIS specialists concerning the Spatial Development Framework and statutory applications.

Other IGR structures in the district include the following forums:

- ❖ Planning Forum, chaired by the Municipal Manager of Umtshezi;
- ❖ Finance Forum, chaired by the Municipal Manager of Okhahlamba;
- ❖ Corporate Forum; and
- ❖ Infrastructure Forum.

COMPONENT B: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Okhahlamba Municipality has developed an Integrated Communications Strategy Framework to enhance its effectiveness in all operational spheres. The municipality is committed to provide accurate service delivery and is willing to engage with business, communities and other stakeholders to ensure that service delivery targets are met. The strategy includes a quarterly newsletter, revamping of the website and the use of social media, such as Twitter, Facebook, LinkedIn, YouTube, etc. (A Facebook link is available on the municipal website). The Communication Strategy also ensures that municipal staff are well informed of what is happening in the municipality and well equipped with information.

Communication dissemination methods include the following:

Internal communication flow:

- ❖ Communication between internal departments through an internal weekly or bi-monthly email newsletter.
- ❖ Communication between committees, entities, affiliates, partners and staff.
- ❖ Cost reduction efforts by using notice boards, Skype/Google etc.
- ❖ Ensuring quality standards of municipal documents.
- ❖ Customer service training.

External communication flow:

- ❖ Traditional media: newspapers, radio, establishment of local newspaper.
- ❖ Electronic media: Okhahlamba website
- ❖ Social media: Email newsletter, Business Registry, SMS marketing.

2.3 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality adopted its public participation program to involve the community during the Integrated Development Program (IDP) and Budget Process, as indicated in tables below. These meetings were attended by MANCO members and Councillors.

Public participation per ward – programme Stakeholder's Meetings

16/04/2015	01	Winterton Sportsfield - Tent	10h00
17/04/2015	02	Emmause Community Hall	10H00
17/04/2015	02	Mamfemfetheni Community Hall	10h00
19/04/2015	03	Ngoba Community Hall	10h00
19/04/2015	03	Mhlwazini Community Hall	10h00
20/04/2015	04	SPORTS GROUND DUKUZA TENT	10h00
21/04/2015	04	TABHANE COMMUNITY HALL	10H00
21/04/2015	05	NGUNJINI SCHOOL TENT	14h00
22/04/2015	05	Sandlwane Community Hall	10h00
22/04/2015	05	Tourism Centre	14h00

23/04/2015	06	Ebusingatha Community Hall	10h00
23/04/2015	06	Ebonjaneni Community Hall	14h00
26/04/2015	08	Eyethu Community Hall	10h00
26/04/2015	08	Emoyeni/Ebulinga – Tent	14h00
28/04/2015	10	Langkloof Community Hall	10h00
28/04/2015	07	Ethwabala Community Hall	14h00
29/04/2016	11	Bethany Community Hall	14h00
28/04/2015	10	Rookdale Sportsground - Tent	10h00
30/04/2015	11	Acton Homes	10h00
30/04/2015	12	Woodford Community Hall	14h00
09/05/2015	12	Potshini Community Hall	10h00
03/05/2015	13	Geluksburg sport ground	10h00
03/05/2015	13	Green point Community Hall	14h00

04/05/2015	13	Thintwa community hall	10h00
05/05/2015	14	Stulwane community hall	10h00
05/05/2015	14	Magangangozi community hall	14h00
06/05/2015		Winterton Ratepayers Meeting – Winterton Farmers Hall	17:30
07/05/2015		Cathkin Park Ratepayers Meeting – The Nest Hotel	16:30
08/05/2015		ALL Farmers Associations and Traditional Authorities – Council Chamber	10:00
11/05/2015		Bergville Ratepayers Association – Council Chamber	17:30

2.4 RISK MANAGEMENT

RISK MANAGEMENT

Okhahlamba Local Municipality is committed to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003, and has developed an Enterprise Risk Management Policy and Framework.

Risk management is recognised as an integral part of responsible management and the Municipality therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Municipality's Risk Management Framework. It is expected that all departments, operations and processes will be subject to the risk management framework. It is the intention that these departments will work together in a consistent and integrated manner with the overall objective of reducing risk as far as reasonably practicable.

Effective risk management is imperative to the Municipality to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Municipality. The realisation of the Municipality's strategic plan depends on the Municipality being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable the Municipality to anticipate and respond to changes in its service delivery environment, as well as to take informed decisions under conditions of uncertainty. The Municipality subscribes to the fundamental principles that all resources will be applied economically to ensure:

- ❖ The highest standards of service delivery;
- ❖ A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;
- ❖ Education and training of all staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- ❖ Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

The Municipality is adopting a wide approach to risk management, which means that every key risk in each part of the Municipality will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the Municipality's systems and processes, ensuring that the Municipality's responses to risk remain current and dynamic. All risk management efforts will be focused on supporting the Municipality's objectives. Equally, they must ensure compliance with relevant legislation and fulfil the expectations of employees, communities and other stakeholders in terms of corporate governance. The municipality has an established municipal risk management oversight structure.

2.5 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Council is committed to sound financial management and the maintenance of a healthy economic base. Although the statutory requirement for the contribution to statutory funds will disappear with the possible repealing of the KwaZulu-Natal and Local Authorities Ordinance No 25 of 1974, Council has put in place policies which maintained sufficient contributions to similar funds established in terms of GRAP. Financial management policies and procedures for the entire municipality have been implemented.

In addition, financial management systems and procedures were reviewed to incorporate the following policies:

- ❖ Anti-Fraud and Corruption Policy
- ❖ Appointment of Consultant Policy
- ❖ Bank Investment Policy
- ❖ Budget Implementation and Management Policy
- ❖ Communications Policy
- ❖ Consumer Credit Control and Debt Collection Policy
- ❖ Ethics Policy
- ❖ Human Resources Strategy
- ❖ Human Resources Policy
- ❖ Indigent Support Policy
- ❖ Municipal Property Rates Policy
- ❖ Tariff Bylaw
- ❖ Unallocated Revenue Policy
- ❖ Employee Assistant Programme
- ❖ Enterprise Risk Management Framework Policy
- ❖ Fixed Asset Policy
- ❖ Full and Registration Fee Bursary
- ❖ IT Disaster Recovery Plan Policy
- ❖ IT Framework Policy
- ❖ IT Policy
- ❖ IT Security Policy
- ❖ IT Strategy Policy
- ❖ Fleet Management Policy
- ❖ Filing System Policy
- ❖ Infrastructure Management Policy
- ❖ Language Policy
- ❖ Expanded Public Works Programme Policy
- ❖ Cooperatives Policy

- ❖ Registry Procedure Manual Policy
- ❖ Records Policy
- ❖ Social Amenities Hire Policy
- ❖ Virement Policy
- ❖ Overtime and Standby Policy
- ❖ Subsistence and Travel Policy
- ❖ Rates and Refuse Removal Services Policy
- ❖ Supply Chain Management Policy
- ❖ Consumer Care, Credit Control and Debt Collection Policy
- ❖ Performance Management Framework Policy
- ❖ Risk Management Policy
- ❖ Policy on Private and Urban Housing Development
- ❖ Informal Traders Policy
- ❖ Staff Retention Policy
- ❖ Indigent Burial Policy
- ❖ Tariffs Policy
- ❖ Protection Services Personnel Policy
- ❖ Subsistence and Travel Policy
- ❖ Travel Allowance Policy

Municipal staff will be encouraged to adhere to value for money principles in carrying out their functions. To assist finance staff achieve efficiencies in their daily tasks a performance review incorporating time and motion studies will be conducted on all functions. It is expected that this review will promote efficiencies in the finance department. Council has adopted a zero tolerance approach in respect of both internal and external audit reports and measures will be implemented to ensure that any material or fundamental issues are addressed immediately. It is expected that the internal audit function will raise any material or fundamental issues before external audit. Other issues arising will be prioritised and addressed accordingly.

Council recognises the need to maintain a positive cash flow at all times and will be investigating various avenues to improve cash flow. Strong positive cash flow will result in additional revenue in the form of interest earned.

2.6 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The municipality has developed and adopted the Supply Chain Management Policy. A supply chain management unit is established operates under the direct supervision of the Chief Financial Officer.

Financial Viability and Management Swot Analysis

STRENGTHS

- ✓ Land for development(Urban and Rural)
- ✓ Tourism
- ✓ Qualified Staff Complement
- ✓ Existing facilities for rental
- ✓ Policies in place
- ✓ Supply chain management unit and policy in place
- ✓ Financial strategies in place to enhance revenue raising

WEAKNESSES

- ✓ Shortage of critical officials
- ✓ Limited rate base
- ✓ Lack of staff retention
- ✓ Recruitment of qualified personnel
- ✓ Acquisition of land
- ✓ High grant dependency
- ✓ Lack of capacity to implement projects

OPPORTUNITIES

- ✓ Tariffs imposing
- ✓ Revenue enhancement

THREATS

- ✓ Staff turnover
- ✓ Non- spending on conditional grants

2.7 BY-LAWS

COMMENT ON BY-LAWS:

Municipal by-laws are public regulatory laws, which apply in a certain area, in this case Okhahlamba Municipality. A local or municipal government gets its power to pass laws through a law of the national or provincial government, which specifies what things the town or city may regulate through by-laws. The Okhahlamba Municipality has in terms of section 156 of the Constitution, 1996 (Act 108 of 1996), read in conjunction with section 11(3) (m) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) made the following municipal by-laws:

- ❖ Control of Outdoor Advertising.
- ❖ Pound By-laws.

- ❖ By-laws relating to Dogs.
- ❖ Public Health By-laws.

2.8 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACATION LEVELS

From the community survey undertaken in respect of the community's satisfaction with the municipality, the results indicate that majority of the community is satisfied with the municipality.

Satisfaction Surveys Undertaken during: 2013/ 2014				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality	Questionnaire	Dec-14	84	89
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The 2015/16 financial year saw with it several infrastructure development projects funded through the government's largest local government's infrastructure development funding: the Municipal Infrastructure Grant (MIG). Projects funded through this grant in Okhahlamba included: Bergville Tarred Roads Phase 4, Kwasgubhu Vehicle Bridge, Kekeni Gravel Road, Maswazini Gravel Road, Okhombe Vehicle Bridge, Nkwazini Gravel Road Phase 2, Ogade Pedestrian Bridge and Bergville Sports Complex which is currently under construction.

There are no new projects which are earmarked for the 2016/17 financial year through MIG funding. Projects taking place during the 2016/17 financial year will be a continuation of projects from this current financial year; they are tabled below.

The tables below reflect 2015/16 project breakdowns by name and ward, as well as the source of funding.

MIG ALLOCATION

NO.	Project Title (<i>as per MIG 1 form</i>)	
1	Kwasgubhu Vehicle Bridge	Ward 07
2	Khethani Community Hall	Ward 01
3	Kekeni Gravel Road	Ward 05
3	Maswazini Gravel Road	Ward 04
4	Okhombe Vehicular Bridge	Ward 07
5	Nkwazini Gravel road Phase 2	Ward 03
6	Bergville Sports Complex	Ward 12
7	Ogade Pedestrian Bridge	Ward 08

SMAL TOWN

NO	PROJECT NAME	
1	Fresh Produce Market	Ward 12
2	Vehicle testing ground, licencing centre and disaster management centre	Ward12

Ward Based Projects

No.	Project Name	
5	Phola Park Gravel Road	Ward 7
6	Ezinyunyana	Ward 2
7	Nkambeni Road	Ward 6

No.	Project Name	
1	Oqolweni Crèche	Ward 7
2	Entuthwaneni and Magogo Creche	Ward 9
3	Vimbukhalo	Ward 14
4	Nhlalwenhle	Ward
5	Mpumelelo	Ward 5
6	Gudliqele	Ward 13
7	Madiba Creche	Ward 1
9	Emaromeni Creche	Ward 2
10	Syathanda Creche	Ward 8

Capital Projects

No.	Project Name	
1	Winterton/ Khethani Market Stalls	Ward 1
2	Bergville Market Stalls Phase 2	Ward12
3	Side walks	Ward 12

Bergville Tarred Road Phases 4, Nkwazini Gravel Road, Maswazini Gravel Road, Bergville Sports Complex. Bergville Testing Centre and Bergville Fresh Produce Distribution Centre are projects which were initiated through the Small Town Rehabilitation Programme.

Planned vehicle and pedestrian bridges for the 2016/17 financial year include Ogade Pedestrian Bridge.

The municipality has recently completed its Electricity Service Delivery Plan (ESDP) and realized that the current electrification backlog numbers are achievable with a maximum number of outstanding households to receive electricity totalling 4000 households. The municipality applied for R19m in funding from the Department of Energy, and R6m was approved for the 2015/16 financial year. The Thintwa Electrification Project has been completed. As a municipality, we have committed to achieving 100% universal access to electricity connections by the end of 2017. We strongly believe that this target is within our reach.

HOUSING DELIVERY AT THE MUNICIPALITY

We currently have several housing development projects in their close-out stage, and these includes the Nhlanhleni Housing Project. The outstanding issue in Nhlanhleni Housing Project is the issuing of Title Deeds to beneficiaries. As the Municipality we had to confirm if all beneficiaries are still living. Current housing projects in the construction-phase include: Gugulethu Housing Project and the Operation Sukuma Sakhe/Disaster Housing Project. A further two (2) projects are in the planning-phase and these are: The Emmaus Rural Housing Project and the Acton Homes Housing Project. Emmaus has moved to stage 2 and the contract has been concluded with the Department. Site pegging is now complete and other investigations including Geotechnical are also complete. Amazizi 2 Phase 3 A & B Housing Projects, Dukuza A & B Rural Housing Projects and the Moyeni A & B Rural Housing Projects are planning stage. In all the above projects Agreements with Department has been concluded and funding made available. Dukuza A has moved to Stage 2 the Municipality has again concluded the agreement with the Department.

We have experienced a number of challenges with the contractor of the Gugulethu Housing Project and have terminated the contract with the initial contractor and replaced it with another contractor as a result of this. Construction

GUGLETHU PROGRESS REPORT AND CASH FLOW

CODE	MILESTONE	SITES	AMOUNT		CLAIMED TO DATE		BALANCE
			PER SITE	TOTAL	AMOUNT	SITES	
PS 1	Foundation	436	27,453.70	11,969,813.20	4,337,684.60	158	7,632,128.60
PS 2	Wall Plates	464	29,028.63	13,469,284.32	4,702,638.06	162	8,766,646.26
PS 3	Completion	490	22,521.97	11,035,765.30	3,310,729.59	147	7,725,035.71
PS 4	Retention	500	500.00	250,000			250,000.00
TOTAL				36,724,862.82	12,351,052.25		24,373,810.57

There are several pipeline housing projects for the next financial year, and these include:

PROJECT NAME	NO. OF UNITS	WARD	STATUS
Hoffental Rural Housing Project	1500	4	Advert
Intsukangihlale Rural Housing Project	1500	7	advert
Masumpa Rural Housing project	1500	9	Advert
Nogaga Rural Housing project	2500	9	Advert
Mhlwazini Rural Housing Project	1500	3	Advert
Mamfemfetheni Rural Housing project	1500	2	advert
KwaSmahla Rural Housing project	1800	14	advert
Sandlwana Rural Housing Project	1500	5	Advert
Potshini Rural Housing project	1000	12	Advert
Ogade Rural Housing project	1000	8	advert
Engoba Rural Housing Project	1000	3	Advert

All the above projects are at the adjudication stage in terms of the procurement processes.

In an attempt to clean-up, and revamp the town of Bergville, emphasis was placed on infrastructure development and maintenance of the town. Bergville is currently undergoing major developments in the construction and upgrading of the sewerage system. Pedestrian walkways have been built along the R74, Kingsway Street and Thatam Road. Street lights

have been installed along golf road, the R74 and Kingsway Road. The town's entrances have been beautified, and the Bergville Testing Station has been completed and is currently in operation. The Disaster and Emergency Centre is currently in operation as well. Market Stalls have also been built in the taxi rank for the hawkers. The construction of the Bergville Fresh Produce Distribution Centre has also been completed and we are in the process of appointing a service provider to operate the centre. The Municipality has also approved the construction of the Bergville TVET College and the building plans have been approved.

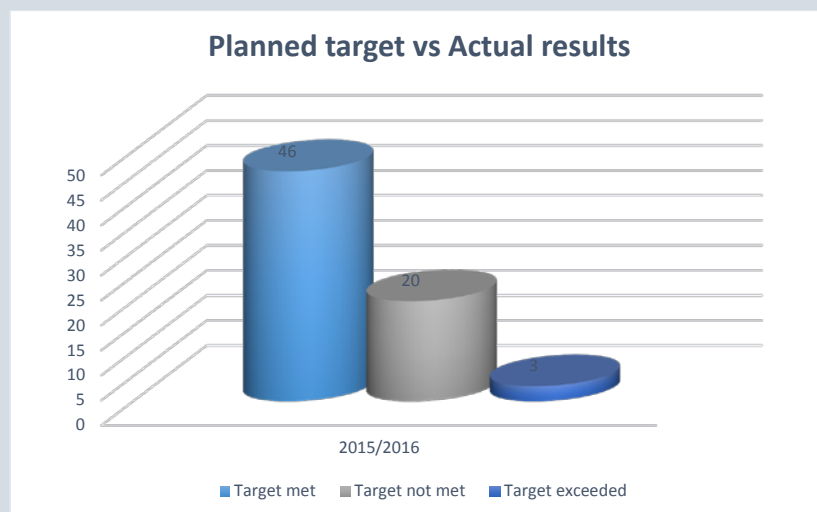
Our commitment is to ensure quality service delivery to the residents of our Municipality. We are working hard in ensuring that Okhahlamba keeps moving forward.

Please refer to Section II Part A: Annual Performance Report for more details.

3.1 SERVICE DELIVERY: ACTUAL PERFORMANCE AGAINST TARGETS SET IN THE SCORECARD

This section of the Annual Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP. Due to the fact that the Municipality has utilised six (6) KPA's the Okhahlamba Municipality will report as such. An overview of the Municipality's actual performance linked to the National KPA's are depicted in the graph below and performance against the National KPI's is indicated below. A detailed report of the Municipality's performance (Annual Performance Report) is also attached to the Annual Report.

Municipal Performance per Key Performance Area



FREE BASIC SERVICES AND INDIGENT SUPPORT:

Okhahlamba Municipality implemented an Indigent Support Policy to promote social and economic development within the community of Okhahlamba. The objective is to assist the indigent community with funding from the Inter-Governmental Transfer so that the community may enjoy services provided by the municipality irrespective of their financial situation. In order to qualify for such assistance, each indigent household is required to meet certain criteria. The municipality recognizes the high level of poverty that exists within the community and the high number of households whose monthly income is below the poverty line. The number of households who will receive such assistance will be determined by the Council on an annual basis, in relation to the equitable share allocation available for such purposes as determined in the annual budget.

An indigent register has been compiled for households with an income of less than R 2820.00 per month, or R33840 per annum which is considered indigent. The budget allocated to indigent support accounts for 2% of general expenditure in Final Annual Budget for 2015/16. Refuse charge for services include residential areas such as Khethani were also discounted as indigent.

COMPONENT A: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

Road Condition

The following situation persists in respect of the condition of roads:

- ❖ Most of the roads in OLM are gravel,
- ❖ Some of the tarred roads are dilapidated with potholes and storm water is also an issue.
- ❖ There are only a few pedestrian crossing facilities that are available and non-motorized transport facilities are non-existing.
- ❖ Some of the bridges are damaged due to accidents.
- ❖ Access management is a problem.
- ❖ Road safety is a problem.

The following table indicates road type and length of roads in Okhahlamba.

ROADS	Blacktop	Concrete	Gravel
National	28	108	0
Provincial	385	0	65
District	95	0	276
Local	8	0	192
TOTAL	513	108	533

Source: Okhahlamba Roads Master Plan, 2012

Public Transport

As many of the community do not have their own motor vehicles, public transport is essential in providing mobility and accessibility of these communities to socio-economic facilities. Transportation within the Municipality is almost exclusively achieved through the use of road vehicles.

Categories of transport are as follows:

- ❖ Public Transport – Taxis
- ❖ Private Transport – Passenger Vehicles
- ❖ Private Transport – Trucks

There are three public transport facilities catering for minibus taxis within Okhahlamba located in Bergville, Winterton and Emmaus. There are no facilities for buses, with the nearest bus rank being located in Ladysmith. The uThukela Public Transport Plan (2005 – 2010) identifies that investigations are required with regard to the upgrading of existing minibus-taxi facilities in Bergville and Emmaus. A new minibus-taxi facility has also been built in Winterton.

COMPONENT B: PLANNING AND DEVELOPMENT

3.2 PLANNING

Introduction to Planning & Development

The planning section is responsible for all planning matters within the municipality, this includes the implementation of the KZN Planning and Development Act (Act 6 of 2008) working in parallel with the Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA). The section is also responsible for co-ordination of the Municipality's Integrated Development Plan (IDP) as well as implementing the Municipal Performance Management System (PMS). However Building Plans are constantly being assessed by this section.

Planning & Development

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) is a national law that was passed by Parliament in 2013. The law gives the Department of Rural Development and Land Reform (DRDLR) the power to pass Regulations in terms of SPLUMA to provide additional detail on how the law should be implemented. The final version of these Regulations (Regulations in terms of SPLUMA) was published on 23 March 2015. The law came into effect on 1 July 2015.

SPLUMA aims to develop a new framework to govern planning permissions and approvals, sets parameters for new developments and provides for different lawful land uses in South Africa. SPLUMA is a framework law, which means that the law provides broad principles for a set of provincial laws that will regulate planning. SPLUMA also provides clarity on how planning law interacts with other laws and policies. The law is important because the repeal of many apartheid era laws has left our planning laws fragmented, complicated and inconsistent. For this reason, section 3 of SPLUMA says that the law tries to develop a 'uniform, effective and comprehensive system' of planning that 'promotes social and economic inclusion'.

SPLUMA allows municipalities to have Municipal Planning Tribunal which can be joint or a single MPT our municipality has chosen a single MPT which is a stand-alone the reason for this was that in the previous financial year the Municipality relied on the uThukela Development Planning Shared Services (DPSS) in assisting the municipality with the administration and implementation of the Act. The functionality of the District Shared Services had a number of challenges and this resulted in major delays with the processing applications. The Town Planner is responsible in processing these applications since he is registered with the South African Council for Planners (SACPLAN). This is a benefit to the section immensely in adhering to the regulated timeframes as well as the overall processing of applications.

Nevertheless, enforcement of illegal development still remains a key challenge for the Municipality. The Building Control section working jointly with the Planning section is undertaking survey measurement on the existing building/s that are outside of the Municipal Town Planning Scheme. The municipality has appointed draughtsman to draw all buildings

that do not have building plans this whole process is done internally. Having building plans benefits the community because your construction project is built right, will be safe, and will last. Building Permits are usually required for the following new buildings, additions (bedrooms, bathrooms, family rooms, etc.), residential work (garages, fences, pools etc.) renovations (garage conversions, basement furnishings, kitchen expansions, reroofing, etc.) electrical systems and plumbing systems.

Integrated Development Planning (IDP)

The Integrated Development Plan (IDP) is a five-year plan which local government is required to compile to determine the development needs of the municipality. The projects within the IDP are also linked to the municipality's budget. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people residing within the area.

Integrated Development Planning in South Africa is an integral planning process that steers development at local levels of government and guides service delivery. The Integrated Development Plan is a planning tool used to implement a co-operative and integrated development project in South Africa's spatial economy. This IDP process is dominated by community structures and allows for continuous and progressive development. It's development is guided by National and Provincial development and planning policies and other pieces of legislation. Therefore, the IDP is a legal obligation, which all government institutions must respect.

As a local government institution, the Okhahlamba Local Municipality (OLM) has adhered to municipal development policies such as the Municipal Systems Act, which state that all municipalities are obliged to undertake an IDP process to produce IDP's. In doing so, the Okhahlamba Local Municipality has considered the relevant legislative requirements and the IDP Framework Guide during the process.

The 2015/2016 IDP was developed in-house and the Representative Forum Meetings were held at the Municipal Offices and two strategic planning sessions were held in March and May respectively. The municipality undertook an intense public participation process through ward committee meetings that were held once a month in all fourteen wards, roadshows were held in April where the wards were clustered into four as well as stakeholder meetings that were conducted for the ratepayers in May. This was done to ensure that the people themselves were active participants in the identification of needs, priorities and strategies for the development of communities. The IDP was adopted on 26 June 2015.

Performance Management System (PMS)

The Integrated Development Plan (IDP) is one mechanism and instrument that seeks to give meaning to the developmental local government. At the centre of this process lies the challenge of addressing the extreme poverty, inequality and backlogs in service delivery and

the challenge to overcome the enormous racial, gender and geographic disparities that exist in our communities.

The Municipality has designed a Performance Management System (PMS) that assists with the implementation and monitoring of the IDP. The Okhahlamba Municipality's Performance Management Framework guides and gives direction to the process of preparing and implementing the municipality's PMS. The performance management model provides a set of procedures and functional tools that enable effective implementation of a performance management system. It tells what aspects of the municipality's performance are measured and managed.

The 2015/ 2016 Organizational Scorecard was developed at the beginning of the financial year and was adopted with the IDP. The Service Delivery and Budget Implementation Plan (SDBIP) was approved by the Mayor and the Performance Agreements and Plans were entered into and signed by the Senior Managers in June 2015. Performance reporting was conducted quarterly and submitted to the Internal Audit section, Council and the Audit and Performance Audit committee. Internal audit findings were addressed through the development of actions plans and continuous follow-ups from the Internal Audit section. The performance reporting system underwent many challenges and scrutiny from the internal audit and audit and performance audit committee respectively which resulted in the review of the organizational scorecard and subsequent amendment to the 2015/2016 IDP, SDBIP and Performance Agreements and Plans. Due process was followed in the IDP amendment procedure and the amended scorecard was utilized in the development of the 2015/ 2016 Annual Performance Report for audit purposes.

PLANNING AND DEVELOPMENT OVERVIEW

The department has been involved in two projects in the 2015/2016 financial year aimed at improving the spatial structure of the municipality, promoting the efficient use of land as well as economic development through ensuring optimal use of the municipality's available resources. These projects include high level projects such as the development of the Spatial Development Framework and the Bergville Urban Design Framework.

The projects are still in progress with the exception of the Spatial Development Framework; which has been completed. The residents of Okhahlamba Municipality have actively participated in engagements with the appointed service providers, municipal officials as well as stakeholders during project steering committee meetings. However, some of the projects require further; more intense public participation processes that will ensure maximum buy-in from the communities and this is yet to be conducted.

PROJECTS

Bergville Urban Design Framework

The purpose of this study is the formulation of a Nodal Plan, for the future renewal and regeneration of Bergville in Okhahlamba Local Municipality. The study area, which is intended for nodal development will be broken down into more detailed precinct plans to guide the relevant decision makers in the right direction for the implementation of future plans and projects.

Three nodal areas have been identified in the municipality for consideration during the preparation of the plan, these areas being Bergville, Nondela and the Cable car precinct. These nodal areas have existing projects planned that need to be incorporated into a broader urban design framework. Projects and existing future for each node are envisaged as follows:

- Bergville
 - Sports Complex;
 - Community Service Centre (to be incorporated into Sport complex site);
 - Municipal Park;
 - Bowling Club;
 - FET college;
 - Agripark & Fresh produce market;
 - Housing Development;
 - Shopping complex;
 - Light industrial hub, SMME facilities;
 - Alternative prison site; and
 - High School site proposals.
- Nondela
 - Town centre development; and
 - Tourism facilities
- Cable Car
 - Site development proposal for the development of the site to support activities of the cable car facilities that are required.

The vision and strategy for the urban renewal and regeneration of Bergville will help to guide the spatial, infrastructural, service delivery improvement for better quality of life for residents. For municipalities, their goal is to ensure that small town and nodal rehabilitation allows for the socio-economic growth of micro-communities. Redevelopment should be ensured by strengthening and diversifying.

3.3 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Okhahlamba Local Economic Development (LED) component consists of two Information Service Centres located in Bergville and Winterton as well as a Museum that is situated in Winterton. The Information Offices assist tourists with daily enquiries such as directions, information on accommodation, places to visit, phone numbers, emergency numbers and serve as a place of safety for stranded tourists as well as displaying brochures for tourism establishments, entertainment areas and restaurants/ food outlets. The Winterton office services mainly the tourists from the N3 to the Drakensberg Mountains and the Bergville Information office attends to tourists from the Central to the Northern Berg. There are two Craft Centres that are located on either side of the Ukhahlamba-Drakensberg Park World Heritage Site; one in the Northern Berg and the other one in the Central Berg.

Although the above-mentioned establishments are operational and available for use by the public and tourists in the municipal area, the impact is minimal as these establishments are not in a good state; they require improvement to ensure that they render proper service to our tourists. These establishments also require proper signage and the development of marketing strategies that will sell the municipality as a tourist destination through marketing the majestic mountains, spectacular landscape, the tourism establishments, craft centres, high quality scenic vistas and all the activities and attractions that we have to offer.

The Municipality is located in a very rich agricultural region and the eastern part is characterized by considerable arable land, which represents some of the highest potential agricultural land in the Province. The Okhahlamba economy is currently dominated by agricultural activities. Agriculture contributed R357 million to the economy of Okhahlamba in 2011 and employed 2 718 people. Commercial agriculture occupies the majority of the municipal land area with the main activities being grains, vegetables and pastures for dairy and semi-intensive beef and mutton production. Subsistence farming is prevalent in traditional settlement areas, with the main agricultural activity within these areas being traditional ranching of cattle.

Smallholder agriculture also consists of maize, dry bean and vegetable production on a small scale and there is potential to produce a surplus for the market. Although there are opportunities for developing this market and encouraging small-scale commercial production, there is a lack of expertise, skills, and knowledge. These are constraints which must be addressed. The Okhahlamba Municipality, in partnership with the Department of Agriculture is working hand in hand to strengthen our agricultural projects and encourage small scale farmers to participate to develop our economy.

Tourism

Tourism continues to play an increasingly important role in the local economy of Okhahlamba, with the wide asset base including a range of accommodation facilities, outdoor sporting and recreational activities. The Municipality also embarks on events promotions for tourism development. The main tourism destinations in the Okhahlamba Local Municipality are Cathkin Park, Cathedral Peak, Royal Natal National Parkland and Spioenkop, which includes the historical site, dam and lakeside resort run by KZN Wildlife. Locations of growing significance for tourism include the Mnweni Valley area, Okhombe and Busingatha Valley. Overall the Okhahlamba area represents (especially in partnership with surrounding areas e.g. Lesotho) one of the primary tourism potentials of South Africa.

Although there is a substantial private sector involvement and investment into the tourism industry there appears to be a lack of integration, marketing and a creative approach to local tourism. The tourism industry does provide jobs, but has not been integrated into the local community and its socioeconomic impact as a result has been limited. In an attempt to increase the number of visitors to the berg, a local map with the list of all tourism establishments has been developed. Also part of developing tourism within our community, Tourism Awareness has been organized through the Department of Education. This was conducted in all schools doing Tourism in four circuits, namely, Winterton, Bergville, Amangwaneni and Bethany Circuits. Statistics indicate that the number of tourists visiting the berg has increased compared to the last financial year.

Exhibitions

The Okhahlamba is participating in exhibitions to market the area. Tourism KZN is assisting municipalities to participate in exhibitions. They buy a stand for the municipalities to attend, with the purpose of marketing the area. For the current financial year the municipality participated in the Tourism Indaba which was held on the 5th – 9th May 2016.

Informal Traders

The Municipality is trying to organise informal economy actors in order to minimize the number of illegal street traders and enforce by-laws. This will be done through the upgrading of Trading Structures and to allocate informal economy actors accordingly. Phase two of the informal traders market stalls in Bergville, as well as Phase one in Winterton have been completed, and are awaiting handover.

Co-operatives and SMMEs

The Business Management Training course sponsored by the Municipality provides technical skills for Co-operatives and SMMEs and in the 2015/2016 financial year 60 individuals from different Co-operatives benefited from the training. The trainings were conducted in conjunction with the Department of Economic Development and Tourism.

The number of registered businesses has increased to 170 and 40% of them are operational. We are working with local NGOs like Okhahlamba Area Development Plan and Farmers Support Group to source markets for them as well as to provide advice and training. The South African Revenue Services (SARS) visits our offices on the last Thursday of the month every month to assist Co-operatives and SMMEs with Tax Clearance applications and Annual Tax Returns. The Municipality is now a business licensing authority. In the last financial year 70 business licenses were been issued.

COMPONENT C: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Okhahlamba Municipality identifies the improvement of economic and social infrastructure, access to quality education, and improved health care as priority issues. The development and maintenance of essential public infrastructure is an important ingredient for sustained economic growth and poverty reduction. Poor infrastructure is considered one of the most binding constraints to growth throughout the Municipality.

Reasonable access to social infrastructure in remote, rural environments where there are still backlogs in electricity and roads infrastructure. Infrastructure investment would contribute to economic growth and support social objectives. Access to social services is limited in terms of clinics and schools. Whilst there are schools in towns and settlements, they are in a dilapidated state without proper sanitation and potable water for both learners and educators.

COMPONENT D: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Okhahlamba Local Municipality is located in a very environmentally significant area with the Drakensberg Mountains having outstanding natural beauty, a fascinating and ancient geology, great diversity in plant communities, some of the rarest animals in the world and the largest, richest and most concentrated series of rock art in Africa. The area needs to be managed appropriately in order to ensure a balance between conserving the environment and promoting appropriate tourism in the area.

Biodiversity and Protected Areas

The Municipality has a significant Protected Area Network and reasonably intact vegetation, which offers a high diversity of habitats, which support a large proportion of important faunal and floral species. The majority of Red Data plant species occur predominantly in the higher altitudinal areas of the Drakensberg, which are to the greatest extent protected (with exception of the Mnweni Valley). The Drakensberg Alpine Region is considered a centre of plant diversity and endemism. A total of 2 153 species of plants have been recorded for the uKhahlamba Drakensberg Park World Heritage Site of which 29.5% are endemic and 109 are listed as threatened species. A large proportion of these species are found within the Okhahlamba area (uThukela Biodiversity Sector Plan).

COMPONENT E: HEALTH

INTRODUCTION TO HEALTH

The most important health facility in the Okhahlamba is Emmaus Hospital, situated 15 kilometres from Winterton, which supports 4 clinics and 22 mobile clinic points located mostly in the southern part of the municipal area. These clinics are the Bergville Clinic, Busingatha Clinic, Dukuza Clinic and the Oliviershoek Clinic. Most of the health issues dealt with at Emmaus Hospital relate to Preventative Tuberculosis and HIV-AIDS, while the greatest causes of death amongst children are respiratory disease and Gastro Enteritis.

HIV/AIDS is one of the major factors influencing population growth. In South Africa, KZN was the province with the highest HIV/AIDS prevalence rate of 25.8% in 2008. Statistics

regarding HIV/AIDS reflects that the prevalence of HIV/AIDS in KZN declined from 46% in 2006 to 37.7% in 2009. The prevalence of this disease affects the age group 15-39 the most adversely, resulting in higher mortality rates for this age group and a slower population growth. According to the Uthukela LED Strategy (2013), 14% of the population was living with HIV/AIDS in Okhahlamba in 2001, increasing to 15% in 2002 and remaining steady until 2011. The average infection rate in the municipality for 2001-2011 was 15%, which is equivalent to the district average of 15% for the same period. (Uthukela LED Strategy, 2013).

The effect of HIV/AIDS is evident in South Africa's life expectancy at birth, which are 47. The impact of this disease are far reaching, affecting the economy, planning and social systems. From a planning perspective, it affects aspects of housing need and affordability, health facilities (increase in health care needs), education (decline in scholars) and an overall increase in the dependency ratio (orphans and elderly people).

COMPONENT F: SECURITY AND SAFETY

Introduction to Security & Safety

The Municipality, in conjunction with the South African Police Services, provides safety and security services. Police Stations are located in Winterton, Bergville, Oliviershoek and Upper Tugela. Each police station has established a Community Policing Forum under its jurisdiction.

One of the major issues facing Okhahlamba is stock theft. According to police statistics, Bergville is among the country's stock theft hotspots and the investigation of stock theft is one of the services rendered by SAPS to all livestock owners in Okhahlamba. Through the Municipality's Traffic Section, roadblocks were initiated across various areas within Okhahlamba in a bid to reduce the criminal activity within the area. A notable problem within the area has been ongoing Taxi Wars and the Municipality is in the process of mediating peace between the parties involved. The Municipality is also in the process of mediating a peace agreement between two parties involved in faction fighting in the Stulwane area in Ward 2.

The Municipality contributes to safety and security through their Protection Services. This law enforcement section manages traffic laws and by-laws.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

Departments

The Municipality has the following 5 administrative departments namely the Office of the Municipal Manager, Social and Economic Services, Technical Services, Financial Services and Corporate Services.

Administration

The administration of the municipality is headed by the Municipal Manager. In addition to the Municipal Manager's Office, the municipality has four administrative departments, each being headed by a Director.

Office of the Municipal Manager

The Office of the Municipal Manager is responsible for the Internal Audit as well as the IDP/PMS, Communications, Legal and Town Planning.

Social and Economic Services

Responsibilities for this department include Community Facilities, Library, Thusong Centres Management, Museum, Tourism, Local Economic Development, Traffic/ Law Enforcement.

Technical Services

This department is responsible for the implementation of all MIG projects (Housing/Roads/ etc), community services which includes Waste/Landfilled sites, Parks/Cemeteries, Pounding as well as Building Infrastructure.

Financial Services (Treasury)

The primary responsibility for ensuring transparency, accountability and sound financial management. This means ensuring that: all statutory requirements are adhered to monthly management reports, National Treasury in-year monitoring reports and annual financial statements are prepared and submitted on time, financial resources are effectively and efficiently utilised, and there is efficient implementation of the Supply Chain Management Policy.

Corporate Services

Derives its mandate from Council's key development objective (institutional development). It is largely an internally focused department with its primary objective on employee recruitment, skills development and enhanced administrative systems. It is the responsibility of this department to ensure that the Municipality addresses human resources related issues and to amplify technological applications within the municipality. Records Management,

Receptionist, Committee/ Secretary, Messenger, Cleaning of the municipal buildings, and Information Technology all fall under this directorate.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS

Staffing Information

The Municipality currently have 169 staff members employed excluding Councillors (28), with 80 vacant posts as illustrated in the following table:

FUNCTION	NO. OF STAFF	NO. OF VACANCIES
Mayor	28 Councillors	None
Municipal Manager's Office	11	03
Corporate Services	13	06
Financial Services	27	07
Social and economic services	106	53
Technical Services	79	23
Total	236 (+ 28 Councillors)	92

Approved Posts

Medical Aid Schemes

All employees excluding section 57 employees have the benefit of partake or contribute towards medical aid accredited by SALGBC.

Medical Scheme members currently employed belong to the following Medical schemes accredited by SALGBC:

- ❖ KeyHealth;
- ❖ Bonitas;
- ❖ LA Health;
- ❖ Hosmed;
- ❖ Samwumed;

Section 57 employees can take any Medical Aid of choice.

Pension/Retirement Funds

All permanent municipal employees are compelled to take the Natal Joint Municipal Pension Fund (NJMPF) from the date of their employment.

The following benefits are available for all municipal employees:

- ❖ The municipal employee has two kinds of pension fund, namely, the GEPF(The old Government Employee Pension Fund) – only 4 left who were transferred from NPA to the municipality in July 1996 and NJMP Fund with three options (Provident, Retirement & Superannuation)
- ❖ Municipal Councillors Pension Fund (MCPF) for Councillors who joined the municipality between 2000 to 2003 and were allowed to join and not to resign from the pension unless they resigned/death/not elected.
- ❖ Insurances/ Group Life covers are of choice.
- ❖ Housing Subsidy – applicable to employees with a bond from registered financial institutions.

Occupational Health & Safety (OHS)

The municipality established the OHS Committee in December 2012. The Committee consist of employees from different departments, the committee operates under the department of Corporate Services and terms of reference have been developed in line with Occupational Health and Safety Act. Training has been provided to the Committee; OHS level 2 and First Aid training on level 3 in 2015/2016. It is co-ordinated under Corporate Services while an employee representative has not been appointed in terms of the Act.

Challenges:-

- ❖ No one has been appointed as Health Representative in terms of the Act.

4. 2 TRAINING AND DEVELOPMENT

The Workplace Skills Plan (WSP)

The status with the work skills plan is that in 2015/2016 we have implemented at 55% and offered Bursaries.

The Municipality also saw the completion of the learnership programme. The eight streams included: Disaster Management, Environmental Practice, Community Facilitation, Leadership Development, HIV/Aids, Youth Development, Project Management and Tourism Management. Seven out of the eight streams of the programme have received their certification. The Municipality is awaiting certification of the Youth Stream from the LGSETA.

Training Implementation 2012/2013

AREA OF FOCUS	NO. OF LEARNERS ON BURSARY	SKILLS PROGRAMME
Finance	6	165 staff members;
Social and Economic services	4	
Technical Services	3	
Corporate Services	3	
Municipal Manager	4	
Councillors/EXCO	0	28
Total	20	193

Internship and In-Service Training Programme

The Municipality embarked on an aggressive internship programme, with a view to providing qualified, in-service training and unemployed graduates with practical experience in order that they become employable.

The distribution of Interns/ In-service Trainees was as follows:

AREA OF FOCUS	NO. OF INTERNS	NO. OF IN-SERVICE TRAINEE
Finance	6	11
Social and Economic services	4	1
Technical Services	6	2
Corporate Services	2	7
Municipal Manager	1	0
Total	5	21

Table 5: Distribution of Interns/Students

4.3 DISCLOSURES

Remuneration of Councillors

COUNCILLOR	TOTAL COST (R)	
	2015/2016	2014/2015
Mayor	785690	745 797
Deputy Mayor	632588	600 719
Speaker	627361	600 441
Executive Committee Members	1022407	945 626
Ordinary Councillors	5584249	5 333 781
Total	8652289	8 226 364
Less Subsistence & Travel	(47290)	(44144)
Disclosed as Per AFS	8604997	8182221

Table6: Remuneration of Councillors

Remuneration of Senior Managers- Total Cost to Employer

	2015/2016	2014/2015
Director Corporate	913994	166 993
Director Technical	954199	903 445
Director Social and Economic Services	954452	864 140
TOTAL	2822645	1 934 578

Table7: Remuneration of Social Managers

Remuneration of Municipal Manager- Total Cost to Employer

	2015/2016	2014/2015
Annual Remuneration	831866	783 583
Car allowance	156000	145 000
Performance Bonus	127643	127 643
Subsistence and Travel Reimbursement		12 086
TOTAL	1115509	1 068 312

Table8: Remuneration of Municipal Manager

Remuneration of Chief Financial Officer- Total Cost to Employer

	2015/2016	2014/2015
Annual Remuneration	569199	551 471
Car allowance	192000	182 400
Subsistence & Travel Reimbursement	0	10 160
Housing and other allowances	84000	60 000
Performance Bonus	109158	70 173
TOTAL	954357	874 204

4.4 EMPLOYMENT EQUITY

The following table provides staffing information:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	27	0	0	0	4	0	0	1	0	0	32
Senior management	7	0	1	0	3	0	0	0	0	0	11
Professionally qualified and experienced specialists and mid-management	6	0	0	1	19	0	0	3	0	0	28
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	27	0	0	1	27	0	1	0	0	0	56
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	20	0	0	0	20	0	0	0	0	0	40
TOTAL PERMANENT	87	0	1	1	73	0	1	4	0	0	167
Temporary employees	35	0	0	1	61	0	0	0	0	0	97
GRAND TOTAL	122	0	1	2	134	0	1	4	0	0	264

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

The Okhahlamba Municipality's most significant source of revenue is from grants. The contribution of the various alternative streams of revenue will be subject to review. Revenue raising strategies are listed as follows:

- ❖ Business License: Businesses should be required to have licenses to operate, and these should be renewable annually.
- ❖ Photocopier Register: A register should be kept for photocopier machines in order to record meter readings and the municipality should record copies made for private purposes, and minimal fees should be charged for these.
- ❖ Interest on Investments: Excess funds that are not due to be used in the current month should be invested with an approved financial institution so that extra interest can be earned from these funds.
- ❖ Asset management: It is important to maintain a regular inventory of property, plant and equipment, implementation of a maintenance programme review and insurance cover. This part of the plan will be extended to assist in identifying and listing unutilised/ uneconomic assets with a view to dispose as previously indicated.

Okhahlamba has a Rates Policy, which is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy. This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. As allowed for in the Act, the Municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The Municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Municipal Consumer Debt Position

This Municipality raises income from property rates, refuse removal, rates clearances and building plans. Other services are rendered on cash basis, meaning you first pay and then a service is rendered, except for property rates, refuse removal and letting of properties. When the Municipality bills income is recognised, but not all of this income reaches the Municipality. Our current recovery rate is sitting at 94%, meaning the municipality needs to establish a serious debt management and recovery strategy. It should be noted though that we've experienced a significant improvement in terms of our debt collection to the tune of 17%.

The Municipality has since implemented a Credit Control Policy, which prescribes steps to be taken to recover debt, more especially long outstanding debts. Firstly, the Municipality has planned on granting customers relief on interest and penalties for at least two (2) months in a year. During this period, all customers who pay all their accounts in full will receive a relief on their interest and penalties.

The Municipality has extended an invitation to the public to settle their outstanding debts through council incentives to write off interest. We have also initiated legal processes to recover debt through our debt collection strategy.

Even though the municipality has implemented these relief measures, the municipality still faces challenges in long outstanding debt recovery. As a result we have performed data cleansing and have written off an amount of R 505 673. An allowance for impairment of debtors of R3 467 395 (which includes the write-off). The Municipality will issue two notices thereafter will issue a final notice for payment. Once a final notice is issued, we will institute legal action against defaulting debtors. Thereafter, the municipality will attach properties.

Grants & Subsidies

A municipality is supposed to be self-sufficient or at least largely self-funded. Access to funds is a key to the fulfilment of local government objectives and is a major enabler for delivery of sustainable services. However, the fiscal arrangement set out in Chapter 13 of the Constitution provides that local government is 'entitled to an equitable share of revenue raised nationally' and may also receive additional conditional transfers from national and provincial government. The Constitution also requires a municipality to raise its own funds through property rates, surcharges, service fees, etc. To this end, the local government fiscal framework provides a range of sources of funds, and does not limit municipal funding simple to own funds.

Okhahlamba is heavily reliant on grant funding, which accounts for 83% of revenue in the Final Annual 2015/2016 budget. Equitable share accounts for 58% of grants, while Municipal infrastructure grant accounts for 14 % of the Final Annual 2015/2016 budget. Other grants include Grant Finance Management, MSIG, Small Town Rehabilitation, INEP,LG SETA,EPWP, Art & Culture subsidy and the Provincialisation of Library grant.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2015/ 2016 FINANCIAL YEAR

6.1 AUDITOR GENERAL REPORT YEAR 2015/ 2016



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Auditor-General of South Africa

Okhahlamba Local Municipality - audit report 2015-16

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Okhahlamba Local Municipality

Report on the financial statements

Introduction

1. I audited the financial statements of the Okhahlamba Local Municipality set out on Section II pages 01 to 68, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget with actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Commented [SM1]:

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Okhahlamba Local Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material impairments

8. As disclosed in note 9 to the financial statements, the municipality raised a provision for bad debt impairment amounting to R12,34 million (2015: R9,37 million) on consumer debts as the recoverability of these amounts were doubtful.

Additional matter

9. I draw attention to the matters below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

10. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objective presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the basic service delivery and infrastructure development objective presented in the annual performance report of the municipality for the year ended 30 June 2016.
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPi).
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the basic service delivery and infrastructure development objective.

Additional matters

17. I identified no material findings on the usefulness and reliability of the reported performance information for the selected objective; however, I draw attention to the following matters:

Achievement of planned targets

18. The annual performance report on pages 01 to 28 which includes information on the achievement of the planned targets for the year.

Unaudited supplementary information

19. The supplementary information set out on pages 01 to 25 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

20. I performed procedures to obtain evidence that the municipality complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

21. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other reports

22. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

23. An independent consulting firm performed an investigation, at the request of the municipality; on allegation of possible misappropriation of assets which covered the period 2007/2008 to 2009/2010. The investigation is in progress.
24. Internal audit performed an investigation into ghost employees identified in the prior year. This was escalated to the South African Police Services (SAPS) and is an ongoing investigation. The investigation is in progress.
25. Internal audit performed an investigation into supply chain management tampering identified in the prior year. This was escalated to the SAPS and is an ongoing investigation. The investigation is in progress.



COMPONENT C: AUDITOR-GENERAL OPINION 2015/ 2016 FINANCIAL YEAR

6.2 AUDIT & PERFORMANCE AUDIT COMMITTEE COMMENTS YEAR

Audit Committee Report to the Council of Okhahlamba Local Municipality

Background

Audit Committee mandate

The Okhahlamba Local Municipality has established an Audit and Performance Audit Committee in accordance with section 166 of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to section 14(2)(c) of the Regulations and MFMA Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Governance for South Africa 2009 (King III).

Role of the Audit Committee

The role of the Audit Committee is to assist the Okhahlamba Local Municipality in achieving its strategic goals and objectives, by helping to maintain effective internal controls, risk management, accurate financial reporting and corporate governance principles, and other such duties as may be directed by the Council and Accounting Officer.

The Audit Committee must review and assess the qualitative aspects of financial reporting, the municipality's processes to manage business and financial risk, governance processes and compliance with applicable legal, ethical and regulatory requirements.

Audit Committee members

The Audit and Performance Audit Committee, consisting of independent, external members listed below, is required to meet at least 4 times per annum as per the Audit Committee Charter, although additional meetings may be called as the need arises. The Audit Committee has met more than 4 times for the financial year 2015-2016.

We present our report for the year-ended 30 June 2016

Audit Committee Members and Attendance

Details	Qualifications	Meetings	Status
Mr. P Mntambo – AC Chair	MBA	7/8	Active
Mrs. S Keshav	LLB	8/8	Active
Mr. LB Van Der Merve	RGA	8/8	Active
Mr. C Rautenbach	AIMFO, ILGM	8/8	Active

The Council of Okhahlamba Local Municipality has appointed its Audit Committee to assist the municipality in advising:

- Municipal Council, the political office-bearers, the accounting officers and the management staff of the municipality, accounting officer and the management staff of the municipal , on matters relating to:
 1. Internal financial control and internal audits;
 2. Risk management
 3. Accounting Policies
 4. The adequacy , reliability and accuracy of financial reporting and information
 5. Performance management
 6. Effective governance
 7. Compliance with the Division of Revenue Act(DORA) and any other applicable legislation (MFMA 56 of 2005, Section 166(2)(a)(i-ix)

In order for the audit committee to be effective and able to advise accordingly, we rely on the reports prepared by internal audit, information obtained from the management and accounting officers.

The following matter has been brought to the attention of the council of Okhahlamba Local Municipality:

Internal financial control and Internal Audits

There were no noted changes in the financial control during 2015/16 and per the work performed by internal audit unit there was no material changes reported.

Risk management

Risk management becomes an important part in any business because of an increase in probability of occurring of events that could have positive or negative impact in the business. The municipality has risk management committee in place and is effective. The Audit committee has commended the work performed by this unit for 2015/2016.

Accounting Policies

The quarterly and annual financial statements and accompanying policies and notes were reviewed. There were no changes in the accounting policies and were constantly applied in relation to prior year.

The adequacy, reliability and accuracy of financial reporting and information

The financial statements are prepared internally by the Finance department. It is further reviewed by internal audit and audit committee. The audit committee further called another meeting to review and ensure all changes recommended are enacted in the annual financial statements. Therefore, the committee was satisfied with the adequacy, reliability and accuracy of financial reporting information.

The Audit Committee wishes to commend the Finance department for exceptional work in preparation of credible and reliable Financial Statements. The Municipality has again attained an Unqualified Audit Opinion with no material matters (Clean Audit Opinion) from the Auditor-General of South Africa.

Performance management

The performance management reports are also done internally by the office of the Municipal Manager (PMS Specialist). The report was then sent to Internal Audit for review and to ensure its compliance with relevant legislation. The Audit Committee, sitting as a performance Audit Committee, considered matters relating to performance management in order to discharge the responsibilities prescribed in terms of regulation 14(4) of the Local Government: Municipal Planning and performance Management Regulations, 2001.

These responsibilities include:

- A review of the quarterly performance reports.
- Understanding the planning and performance Management Regulations.
- Reviewed the performance management system and tested the functionality thereof and compliance with the Municipality System Act and the MFMA.
- Focussed on the economy, effectiveness, efficiency, reliability and impact applicable to the Municipality's own key performance indicators.
- Considered the application of Section 40, 41, 43 and 46 of the MSA, with reference to the I.D.P and the shortcomings of the Municipality in this regard and reviewed prior to submission to the Council and the Audit General of South Africa.

Effective governance

In ensuring good practice of governance the audit committee has managed to meet its target to meet at least four times per annum, the committee has met more than 4 times and in our meetings the MPAC (Municipal Public Accounts Committee) chair was always invited and MPAC always invites the audit committee chair.

Evaluation of Annual Financial Statement

The Audit Committee has reviewed the credibility of the annual financial statements and the Municipality's Performance Management for the year ended 30 June 2016. The Committee reviewed the accounting policies and practice and evaluated the draft annual financial statements based on the information provided to the committee and considered the integrity of the said statements complying in all material respects with the requirements as well as the MFMA, Treasury Regulations and the statements of Generally Recognised Accounting Practice (GRAP).

Compliance with this Act, DORA and any other applicable legislation

In terms of the Internal Audit reports tabled to the audit committee the municipality has improved in compliance, however, there is still room for improvements.

Debtor Collection/Own Revenue Management

Cash management is part of the strategy of revenue enhancement for the municipality. The Municipality has appointed attorneys to handle the debtors and the committee is satisfied with the work performed so far.

Service Deliver

The main service delivery of the municipality is construction of roads, halls, electrification and waste collection and sanitation. The Technical Department has managed very well in terms of ensuring all open projects are monitored and evaluated against the budget.

Dash Board Report

A door to door visit by the office of the Auditor General of South Africa has assisted the municipality to improve internal financial controls and governance issues. It is also noted that the improvement in leadership and governance in the Q4 reports with unchanged status on financial and performance management.

Leadership

The Municipality continues to operate within a sound and harmonious leadership framework. There is synergy and respect which begins at a political level and which permeates through to an operational level within the Municipality.

Audit Report Outcome

The municipality has maintained its unqualified clean audit opinion for the financial year ended 30th June 2016 and the Audit Committee concur with the outcome. The Audit Committee will strive to ensure that the municipality maintains the same report for 2016/2017 financial year.

Conclusion

The audit committee wishes to commend a working relationship with the council and the administration in discharging its responsibility.

A handwritten signature in blue ink, reading "Phumlani Mntambo". The signature is written in a cursive style, with the first letter 'P' being large and stylized, and the last letter 'o' being a simple circle.

Phumlani Mntambo

Chairperson of the Audit Committee

Action Plan to address AG Findings:

No matters were reported in the Auditor's Report; however an emphasis of matter was reported on the provision of doubtful debts which are disclosed in the financial statements.

Emphasis of Matter:

In terms of GRAP 19 it is required of municipalities to make provision for possible doubtful debt. These figures appear under Note 9 in the Annual Financial Statements (Section II Part B). An emphasis of matter was raised due to the significant figure disclosed. It is important to note that this figure is an estimate calculated in line with GRAP 19 requirements. The prescription for rates has been determined to be 30 years. Since the implementation of the Municipal Property Rates Act 2004, the oldest debt has to date not reached 30 years. The municipality will apply in all its means its credit control policy to recover this possible doubtful debt.

Emphasis of Matter	Action Plan	Due Date	Responsible Official
Provision of doubtful debt.	Implementation of the Credit Control Policy and Appointment of Legal Panel.	Ongoing	Account Income Senior Legal Adviser

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans,

	budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the

	regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The budget of the municipality as approved by council.
Baseline	Current level of performance that a municipality aims to improve when setting

	performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or

	the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial

	performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The

	results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.

National Key performance areas	<ul style="list-style-type: none"> • S ervice delivery & infrastructure • E conomic development • M unicipal transformation and institutional development • F inancial viability and management • G ood governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of

	<p>achievin g specific outputs. Outcome s should relate clearly to an institutio n's strategic goals and objective s set out in its plans. Outcome s are "what we wish to achieve" .</p>
Outputs	<p>The final products , or goods and services produce d for delivery. Outputs may be defined as "what we produce or deliver". An output is</p>

	a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcome

	s and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance

	measure .
Performance Standards:	<p>The minimum acceptable level of performance or the level of performance that is generally accepted .</p> <p>Standards are informed by legislative requirements and service-level agreements.</p> <p>Performance standards are mutually agreed criteria to describe how well work must be done in terms of</p>

	<p>quantity and/or quality and timelines s, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.</p>
<p>Performance Targets :</p>	<p>The level of performance that municipalities and its employees strive to</p>

	<p>achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.</p>
Service Delivery Budget Implementation Plan	<p>Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operation</p>

	<p>nal and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.</p>
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total</p>

amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as:

- a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*
- b) which specifies the total*

	<p>amount that is appropri ated for the purpose s of the departm ent or functiona l area concern ed</p>
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